

CC LEASING CORPORATION

300 St. Paul Place
Baltimore, Maryland 21202
(301) 332-3000

May 7, 1979

128A107

MAY 08 1979

DATE 50.00
FEE \$ 50.00

RECORDATION NO. 10352 Filed 1425

Secretary,
Interstate Commerce Commission
Washington, D. C.

MAY 8 1979 - 3 00 PM

CC Washington, D. C.

INTERSTATE COMMERCE COMMISSION

Dear Sir:

This letter is written pursuant to Section 57.4 of Regulations of the Interstate Commerce Commission. Enclosed is an original and two (2) executed copies of a Chattel Mortgage in which CC Leasing Corporation, 300 St. Paul Place, Baltimore, Maryland 21202, is the Mortgagee, and KLM, Inc. of Jackson, Mississippi, is the Mortgagor.

A general description of the equipment covered by the document is 39 Kenworth Model 100 truck tractors bearing Vehicle Identification numbers 270614K to and including 270652K together with all equipment, accessories, accessions and attachments thereto and replacements, proceeds and products thereof.

The Undersigned is the Secretary of Mortgagee, CC Leasing Corporation; has prepared these documents, and has knowledge of the matters set forth therein. This Chattel Mortgage should be returned to Undersigned at 300 St. Paul Place, Baltimore, Maryland 21202.

Also enclosed is CC Leasing Corporation's check number 2114 payable to the order of the Interstate Commerce Commission in the amount of Fifty (\$50.00) Dollars for filing this document.

Very truly yours,

Kevin C. Feury
Kevin C. Feury

KCF/jls
Encs.

INTERSTATE
COMMERCE COMMISSION
MAY 8 1979
ADMINISTRATIVE SERVICES
MAIL UNIT

FEE OPERATION B.R.I.
I.C.C.

MAY 8 2 51 PM '79

RECEIVED

Interstate Commerce Commission

Washington, D.C. 20423

5/14/79

OFFICE OF THE SECRETARY

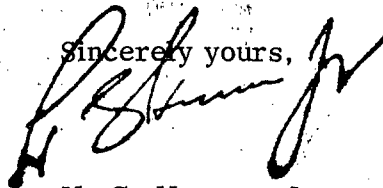
**Kevin C. Feury
CC Leasing Corporation
300 St. Paul Place
Baltimore, Maryland 21202**

Dear **Sir:**

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C.

11303, on **5/8/79** at **3:00pm**, and assigned recordation number(s). **10352**

Sincerely yours,



**H. G. Homme, Jr.
Secretary**

Enclosure(s)

**SE-30
(3/79)**

CHATTEL MORTGAGE

MAY 8 1979 - 3 00 PM

INTERSTATE COMMERCE COMMISSION

THIS CHATTEL MORTGAGE, made and entered into this 20th day of March, 1979, by and between KLM, INC., a Texas corporation, with its chief place of business at Railroad Avenue, Center Texas (sometimes hereinafter referred to as "KLM"), and C C LEASING CORPORATION, a Delaware corporation, of 300 St. Paul Place, Baltimore, Maryland (sometimes hereinafter referred to as "CCLC").

WHEREAS, KLM wishes to receive advances from CCLC from time to time for the sole purpose of acquiring operating equipment and to secure such advances by granting CCLC a mortgage on such equipment, and

WHEREAS, CCLC is willing to provide such advances upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, THIS AGREEMENT WITNESSETH:

That for and in consideration of the mutual promises herein contained, to induce CCLC to make advances to KLM, and other good and valuable considerations, the receipt and sufficiency whereof are hereby acknowledged, KLM grants CCLC a security interest in the personal property described in Exhibit 1 attached hereto, and by reference made a part hereof, together with all equipment and attachments relating thereto, replacements therefor and proceeds and products thereof, all individually and collectively sometimes hereinafter referred to as "Collateral", all to secure the repayment of any advances hereunder and other obligations provided herein.

1. KLM warrants, covenants and agrees:

1.1 KLM will be the owner of all of the Collateral, free and clear of any liens or encumbrances except for the security interest provided for herein, will keep and maintain the same free and clear of all claims, encumbrances, charges and liens of all persons whomsoever, and will promptly pay all taxes, public charges and assessments thereon as and when due. The Collateral will be used for business purposes only and will not be assigned, transferred or leased by KLM without CCLC's prior written consent.

1.2. KLM's chief place of business is at the address shown at the beginning of this Agreement. The Collateral shall be titled in

the State of Mississippi and shall be principally garaged at KLM's premises in Richland, Rankin County, Mississippi. KLM will keep and use Collateral at various locations within the Continental United States and from time to time, upon request, will advise CCLC in writing of the location of any or all of the Collateral.

1.3. KLM will keep and maintain the Collateral in good order and repair and working condition at all times during the life of this Agreement.

1.4. KLM will have and maintain insurance at all times against hazards, with companies, and in amounts and form acceptable to CCLC the insurance policies endorsed to make the same first payable to CCLC as its interest may appear. In the event the proceeds of any claim under such policies shall be used by KLM to repair or replace the Collateral (replacement Collateral shall be acceptable to CCLC, at its sole discretion) CCLC shall direct payment be made directly to KLM. In any other event, the carriers named therein hereby are directed by KLM to make payments for such loss to CCLC and not to KLM and CCLC jointly. If any insurance losses be paid by check, draft or other instrument payable to KLM and CCLC jointly, CCLC may endorse the name of KLM thereon and do such other things as it may deem desirable in order to reduce the same to cash. All loss recoveries received by CCLC upon any such insurance shall be applied and credited by CCLC to the outstanding balance owed hereunder.

1.5. None of the terms or conditions herein are in violation of any provision of the Certificate of Incorporation or By-laws of KLM or any agreements KLM may have with any third parties or in violation of any act, law, order or regulation of any governmental entity, and the execution and delivery hereof and of the other agreements or writings with or to CCLC have been duly authorized by appropriate corporate action.

1.6. KLM will at all times comply with all lawful acts, laws, orders and regulations of those governmental entities to whose jurisdiction KLM is now or may hereafter become subject, including, but not limited to, the Interstate Commerce Commission.

1.7. KLM will keep its books, records and accounts in accordance with generally accepted accounting principles, and as required by the Interstate Commerce Commission.

1.8. KLM, without the prior written consent of CCLC, shall not expend on fixed assets in any one year more than Two Hundred Fifty Thousand Dollars (\$250,000.00) as long as any advance plus accrued interest hereunder is outstanding and unpaid. Such written consent shall not be unreasonably withheld.

1.9. KLM shall within sixty (60) days from the date hereof comply with all of the requirements under Mississippi law for qualification to do business in Mississippi and shall as long as any loan is outstanding hereunder continue such qualification.

2. In the event any of the Collateral is lost, worn out or destroyed, KLM shall promptly notify CCLC and pay to CCLC the balance of the unpaid advances represented by such lost, worn out or destroyed Collateral. Upon the making of any payment pursuant to this paragraph, all succeeding repayments of advances described in Paragraph 5 hereof shall be reduced pro rata.

3. If KLM fails to keep the Collateral free and clear of all encumbrances, liens and charges, except as herein provided, or to pay any tax, public charges or assessments thereon, or to keep the same in good order and repair, or fully insured as herein required, then CCLC, at its discretion, may discharge such encumbrances, liens or charges, or pay such taxes, public charges or assessments, or make such repairs or procure and maintain such insurance as it may deem advisable. All sums thus expended, and all other monies paid by CCLC to protect its interest in the Collateral, shall be repayable by KLM to CCLC on demand, and if not so repaid, shall be added to KLM's outstanding advances from CCLC and be secured and bear interest as KLM's outstanding advances from CCLC hereunder.

4. In the event:

(a) KLM shall default in the repayment of any advances or payment of interest as herein provided when due and payable; or

(b) KLM shall be in default under or breach any of the covenants or warranties herein contained and such default or breach is not cured within ten (10) days after written notice thereof, or KLM fail or refuse, for more than ten (10) days after CCLC shall have demanded in writing the performance thereof, to comply with any of the terms or conditions hereof; or

(c) KLM shall file any petition for reorganization or debt

adjustment under any provisions of the Bankruptcy Act as now or hereafter existing or under any amendment or revision thereof or under any other statute; or

(d) KLM shall make any voluntary assignment or transfer of its interest in and under this agreement without CCLC's prior written consent; or

(e) Any creditor of KLM shall file any petition ^{against KLM} /for ^{WZB} reorganization or debt adjustment under any provision of the Bankruptcy Act as now or hereafter existing or under any amendment ^{or revision} thereof or under any other statute, or ^{KLM shall suffer} /any involuntary ^{WZB} transfer of KLM's interest hereunder by bankruptcy or by the appointment of a receiver or trustee or by execution or by any judicial or administrative decree or process or otherwise (unless such petition shall be dismissed or such assignment, transfer, decree or process shall within thirty (30) days from the filing or other effective date thereof be nullified, stayed or otherwise rendered ineffective, or unless any such receiver or trustee shall within thirty (30) days from the date of his appointment adopt this agreement pursuant to due authority of the court appointing him); then upon the happening of any of said events, the entire unpaid balance of all indebtedness of KLM to CCLC hereby secured shall at once become due and payable, at CCLC's election. If CCLC has made demand for the full payment of such unpaid balance and interest thereon, and the same is not promptly paid, then without further demand for performance or legal process, CCLC may lawfully enter any of KLM's premises or other premises on which Collateral is located and lawfully remove the Collateral to such place as CCLC may deem advisable, or require KLM to make any or all such Collateral available at such place as CCLC may direct, and CCLC may sell the Collateral or any part thereof at public or private sale, in one or more sales, at such price or prices and upon such terms either for cash, credit or future delivery, as CCLC may elect, after first giving KLM five (5) days notice of the time and place of any public sale or of the time after which any private sale or other disposition shall be made (it being agreed that the foregoing are commercially reasonable dispositions and such notice is reasonable notification thereof) and CCLC may become the purchaser of any Collateral sold at public sale. The proceeds of sale, less the reasonable expenses of retaking,

holding, preparing for sale, and selling, and reasonable attorneys' fees and legal expenses incurred by CCLC, shall be applied toward the payment of the indebtedness secured hereby. The surplus, if any, shall be paid to KLM and KLM agrees to pay any deficiency.

5. (a) CCLC agrees to advance KLM sums of money in the aggregate amount of not more than \$1,293,000.00. At CCLC's option, said advances, which shall not exceed three, may be made to or for the account of KLM or jointly to KLM and third parties selling KLM the collateral to which the advance is made. When KLM has received and accepted a portion of the Collateral and desires an advance hereunder, KLM shall execute and deliver to CCLC a request for an advance in the form of Exhibit II hereto. CCLC's advances shall not exceed Thirty-three Thousand Two Hundred Dollars (\$33,200.00) for each individual unit of Collateral. From the date CCLC makes its first advance hereunder, KLM shall, until the first of the month following the date of CCLC's final advance hereunder, or June 30, 1979, whichever occurs first, pay CCLC, monthly, on the first day of the month interest as agreed on the unpaid principal balance of all advances then outstanding. Thereafter, KLM shall repay such advances to CCLC in equal consecutive monthly repayments on the first day of each succeeding month in amounts equivalent to one forty-eighth (1/48th) of the aggregate amount of loans permitted hereunder, which monthly repayment shall continue until all advances and other sums due hereunder have been paid, together with interest on the outstanding balance thereof at the rate agreed upon by the parties.

(b) CCLC's obligations to make advances hereunder shall terminate on June 30, 1979, regardless of the amount of advances made and are expressly subject to the following conditions at the time of each advance:

(i) KLM is not in default under this agreement.

(ii) There has been no material adverse change in KLM's financial condition from that existing as of the date hereof.

(iii) There is no litigation or regulatory proceeding pending to which KLM is a party or by which it is bound and which, if adversely concluded, would prohibit or materially limit KLM's performance of this agreement.

6. Any delay on the part of CCLC in exercising any power, privilege or right hereunder shall not operate as a waiver thereof and no single or partial exercise of any power, privilege or right shall preclude other or further exercise thereof, or the exercise of any other power, privilege or right. The waiver by CCLC of any default by KLM shall not constitute a waiver of any subsequent defaults but shall be restricted to the default so waived. If any part of this agreement shall be contrary to any law which CCLC might seek to apply or enforce, or should otherwise be defective, the other provisions of this agreement shall not be affected thereby, but shall continue in full force and effect. All rights, remedies and powers of CCLC hereunder are irrevocable and cumulative, and not alternative or exclusive, and shall be in addition to all rights, remedies and powers given hereunder or in or by any other instruments or any laws now existing or hereafter enacted. No promissory note or other similar security shall be issued with regard to any obligations incurred by KLM hereunder.

7. KLM shall at its expense (a) warrant and defend its title to the Collateral against the claims of all third parties, and (b) execute and deliver all such further opinions, agreements, certificates, documents and financing statements (including, but not limited to, certificates of title for all the Collateral showing a notation of CCLC's security interest thereon, and additional financing statements more particularly describing each item of the Collateral by the manufacturer, serial or other identifying number) and take all such further action as from time to time may be requested by CCLC in order to assure and confirm CCLC's rights to all or any part of the Collateral, to maintain its security interest as a first and prior perfected security interest in and to the Collateral, to facilitate the carrying out of this agreement, and to secure CCLC's rights hereunder.

8. Neither KLM nor CCLC shall assign this agreement or any right, obligation or Collateral hereunder without the prior written

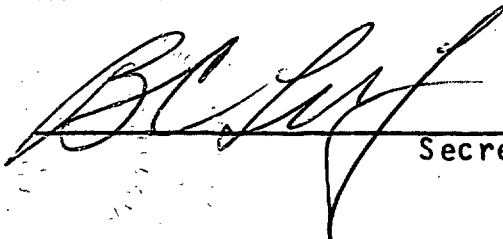
consent of the other, which consent will not be unreasonably withheld. However, CCLC may assign this agreement to any other present or future wholly-owned subsidiary of CCLC's parent, Commercial Credit Company. In all events (and without creating or inferring any right of assignment other than set forth above) this agreement shall be binding upon KLM, its successors and assigns and inure to the benefit of CCLC, its successors and assigns.

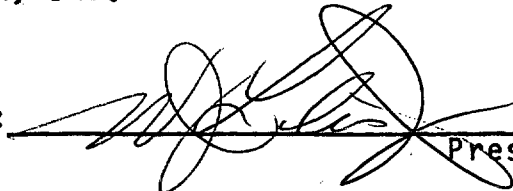
IN WITNESS WHEREOF, KLM has caused this agreement to be executed and its corporate seal to be affixed, by its officers thereunto duly authorized, on the day and year first above written, at Jackson, Mississippi.

(Corporate Seal)

ATTEST:

KLM, INC.


Secretary

By: 
President

Accepted at Baltimore, Maryland, as of the date thereof.

C C LEASING CORPORATION

By: William E. Becker


ACKNOWLEDGMENT

STATE OF Mississippi
COUNTY OF Hinds

On this 20th day of March, 1979, before me personally appeared B.C. Lee, Jr. (name of signer), to me personally known, who being by me duly sworn, says that he is the Secretary of KLM, INC., that the seal affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors, and he

acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

(Notarial Seal)


D. Sheng J. Demary
Notary Public

My Commission Expires: 4-12-80

EXHIBIT I

to Chattel Mortgage between KLM, Inc. and CC Leasing Corporation dated
 _____, 1979.

Thirty-nine (39) new Kenworth Tractors more specifically described
 as follows:

CODE	DESCRIPTION	CODE	DESCRIPTION
	BASE MODEL <u>K-100</u>		TIRES RIMS & WHEELS
	Engine <u>3400 DITA 350 hp CMT</u>		Tires-Front <u>XZA Michellins</u>
	ENGINE EQUIPMENT		Tires - Rear <u>XZA Michellins</u>
	Comp. Release <u>N/A</u>		Enter Qty. _____
<u>CUT</u>	By-Pass Filter <u>Fleetguard</u>		Rims - Wheels Front <u>11 x 24.5 Aluminum</u>
	Retarder <u>None</u>		Rims - Wheels Rear <u>11 x 24.5 Steel</u>
	Batteries <u>2- 12 volt</u>		Enter Qty. _____
	Starter <u>Ingersoll-Rand Air</u>		FRAME, HOOKS & FIFTH WHEELS
	Alternator <u>75 AMP Brushless Delco</u>		Frame <u>10" Steel</u>
	Radiator <u>1360 H5</u>		Frame Insert, Full _____
	Shutter <u>No</u>		Frame Insert, Partial _____
	Water Filter <u>KW Spin On</u>		Bumper <u>Aluminum Channel</u>
	Hood _____		Rear C/M <u>Yes</u>
	Air Cleaner(s) <u>15" Independent Mt.</u>		Rear of Frame <u>Tractor Taper</u>
	Exhaust System <u>Single 5" Ind. Mt.</u>		Rear Hook _____
	MAIN TRANS & CLUTCH		Rear Hitch _____
	Trans Unit <u>RT 12509 Fuller</u>		Fifth Wheel <u>Fontaine L5A57 - 24" slide</u>
	Trans. (Aux.) <u>No</u>		CAB & EQUIPMENT
	Clutch <u>15 1/2" self adjusting</u>		Cab <u>86" Sleeper Cab</u>
	Center Bearing <u>No</u>		Sleeper _____
	FRONT AXLE & EQUIPMENT		Window-Power <u>No</u>
	Axle <u>FF 931 Tw</u>		Window-Rear <u>No</u>
	Hubs <u>Aluminum</u>		Window-Safety <u>No</u>
	Spokes <u>No</u>		Heater-Cab _____
	Springs/shocks <u>12,200 Taper leaf</u>		Heater-Sleeper _____
	Power Steering <u>No</u>		Heater/Air Conditioner - Cab <u>Yes</u>
	P.A. Radio <u>Delete anti-lok</u>		Heater/Air Conditioner - Sleeper _____
	REAR AXLE & EQUIPMENT		Defroster Fan <u>Dual Aux.</u>
	Axle <u>SQAP</u>		Splendor - Cab <u>Yes</u>
	Brakes <u>10 1/2" x 7" S-Cam</u>		- Color 1 <u>Blue</u> Color 2 _____
	Emergency Brake <u>ECM 1-axle</u>		Splendor - Sleeper <u>Same</u>
	Hubs <u>Aluminum</u>		- Color 1 <u>Blue</u> Color 2 _____
	Spokes <u>no</u>		Outside Visor <u>No</u>
	R.A. Ratio <u>3.70:1</u>		Inside Visor R.H. <u>Yes</u>
	Suspension <u>Reyco 102, 44,000 rated</u>		Mirror <u>Stainless steel bested</u>

EXHIBIT I

(continued)

Air Horn 12" 300"
 Driver Seat Extrem Level Air
 Rider Seat Fiberglass
 Temp. Gauge - Trans. No
 Temp. Gauge - Aux. No
 Temp. Gauge - Eng. No
 Temp. Gauge - Axle(s) No
 Record-Speedo No
 Record-Tach No
 Pyrometer Yes
 Radio Al Pushbutton
 Spotlight(s) Left side only
 Turn Signal-Location Cab
 Head Lights Dual
 Marker Lights 5 Bus Type ICC
 Fog Lights None

AIR EQUIPMENT

Air Compressor EW 12 CFM
 Trail Connections
 Semi-Trailer Air & Light Lines Tractor Kit
 Hosetenna Yes
 Captive (3rd) Air Tank Yes
 Low Air Wig Wag
 Low Air Buzzer Yes

FUEL TANKS

Fuel Tank R.H. 90 Gal.
 Fuel Tank L.H. 105 Gal.
 Battery Box Aluminum
 Tool Box
 Paint 3 Color Iron

For Factory Use Only

2 Steps & handle on fuel tanks

CHROME & POLISH

4" Chrome stack
 Chrome muffler shield

H/C Separate Bath

SPECIAL EQUIPMENT OR INSTRUCTIONS

Fifth Wheel Unladen Ht.
 Fifth Wheel Setting 12" 24"
 Rear Hook Unladen Ht.
 Bumper Setting 20"
 Air and Light Lines Length 12' coiled
 Frame Insert Partial Location
 Fuel Tank R.H. Under Behind x
 Fuel Tank L.H. Under Behind x

2 Battery disconnect switches
 Silicone radiator hoses
 Manifold pressure gauge
 CB leads
 CB jack

Extra cigarette lighter
 Uniroval air shield - pink
 2' deck plate

Air dryer
 Cab access package

Fuel pressure gauge
 Rockford automatic fan
 Chain hooks

Feature stripes front & rear
 Wheels Iron paint - rear
 Sentinel engine shutdown
 Feature stripes Iron paint

EXHIBIT II

to Chattel Mortgage between KLM, Inc. and CC Leasing Corporation
dated _____, 1979.

CC Leasing Corporation
300 St. Paul Place
Baltimore, Maryland 21202

Gentlemen:

Reference is made to the Chattel Mortgage between Undersigned, KLM, Inc., and you dated _____, 1979. Undersigned has received delivery of the following described "Collateral" as such term is defined in the Chattel Mortgage:

<u>Make</u>	<u>Model</u>	<u>Unit No.</u>	<u>Ser. No.</u>
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In accord with the terms of the Chattel Mortgage, Undersigned hereby requests that you make an advance to Undersigned in the amount of \$_____ ("Advance").

Undersigned hereby confirms and agrees that the Advance represents an indebtedness secured under the Chattel Mortgage; that all of the covenants, warranties and undertakings of Undersigned under said Chattel Mortgage shall apply to the Advance; and that all of the rights, remedies, powers and security interest contained therein shall apply to all indebtedness of Undersigned to you. Undersigned further confirms and agrees that as of the date hereof, all representations and warranties of Undersigned made in the Chattel Mortgage are and remain true and correct in all respects and that there has been no occurrence which constitutes or after notice or lapse of time or both would constitute a default under said Chattel Mortgage.

Very truly yours,

KLM, INC.

By _____